

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In Re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S FINAL REPORT REGARDING THE TWENTY-SEVENTH
INTERIM FEE APPLICATION OF DUANE MORRIS LLP**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Interim Fee Application of Duane Morris LLP for the Twenty-Seventh Interim Period (the "Application").

BACKGROUND

1. Duane Morris LLP ("Duane Morris") was retained as co-counsel to the Official Committee of Unsecured Creditors. In the Application, Duane Morris seeks approval of fees totaling \$107,363.50 and expenses totaling \$4,610.51 for its services from October 1, 2007 through December 31, 2007 (the "Application Period").
2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2006, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the "U.S. Trustee Guidelines"), as

well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served an initial report on Duane Morris, and received a response from Duane Morris, portions of which response are quoted herein.

DISCUSSION

3. In our initial report, we noted the following time entry which appeared to include non-working travel time:

10/22/2007	JH Lemkin	Travel to and appearance in court re related hearings in Congoleum Proceeding.	4.50	\$1,597.50
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Pursuant to Local Rule 2016-2(d)(viii): “Travel time during which no work is performed shall be separately described and may be billed at no more than 50% of regular hourly rates.” Thus, we asked Duane Morris to delineate that portion of the time entry attributable to non-working travel, and to advise whether the required 50% discount was applied to this time. Duane Morris responded as follows:

We have reviewed your preliminary report and withdraw our request for approval of the fees . . . identified in your report.

In a follow-up inquiry, we asked if the following time entry should be withdrawn as well, in that it also pertained to the Congoleum proceeding:

10/22/2007	JH Lemkin	Draft memo to W. Katchen re results of hearing re Congoleum issues.	0.30	\$106.50
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Duane Morris responded affirmatively. We appreciate Duane Morris’ response and recommend

disallowance of both time entries, for a reduction of \$1,704.00 in fees.¹

4. In our initial report, we noted the following meal charges for which more information was needed:

9/30/2007	Dinner-Local	219.65
11/30/2007	Dinner-Local	210.29

It appears to us that one can dine satisfactorily for \$50 for dinner. In response to our inquiry, Duane Morris advised as follows:

We have reviewed your preliminary report and withdraw our request for approval of the . . . expenses identified in your report.

With regard to the expenses, we are currently unable to provide you with the requested documentation, but reserve the right to seek these expenses at a later date should we later be able to retrieve the requested information.

We understand Duane Morris' response and recommend a reduction of \$429.94 in expenses.

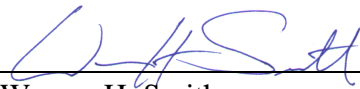
CONCLUSION

5. Thus, we recommend approval of \$105,659.50 in fees (\$107,363.50 minus \$1,704.00) and \$4,180.57 in expenses (\$4,610.51 minus \$429.94) for Duane Morris' services for the Application Period.

¹We note that there were no corresponding expenses charged for this hearing.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.


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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 21st day of May, 2008.


Warren H. Smith

SERVICE LIST

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